S615-2
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OCTOBER 1989

OREGON LABOR TRENDS

State of Oregon • Employment Division • Department of Human Resources

INDICATORS

UNEMPLOYMENT RATE

Oregon (Seas. Adj.)

Sept.	1989	5.2
Aug.	1989	5.1
Sept.	1988	5.8

United States (Seas. Adj.)

Sept.	1989	5.3
Aug.	1989	5.2
Sept.	1988	5.4

WAGE AND SALARY EMPLOYMENT INDEX

Oregon (1977=100)

Sept.	1989	128.0
Aug.	1989	127.8
July	1989	127.5
June	1989	127.2
May	1989	127.0

PRODUCTION WORKER AVERAGE HOURLY EARNINGS

Oregon

Aug.	1989	$10.61
July	1989	$10.96
Aug.	1988	$10.39

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon

Aug.	1989	39.7
July	1989	38.6
Aug.	1988	38.6

CONSUMER PRICE INDEX (CPI)

1982-84=100
ALL URBAN CONSUMERS

Portland-Vancouver

Jan.-June 1989	119.3
Yearly change	5.0%
Annual Average 1988	114.7
Yearly change	3.4%

United States

Sept. 1989	125.0
Yearly change	4.3%
Annual Average 1988	118.3
Yearly change	4.1%

Portland Hotline 221-4132

NATURAL RATE OF UNEMPLOYMENT

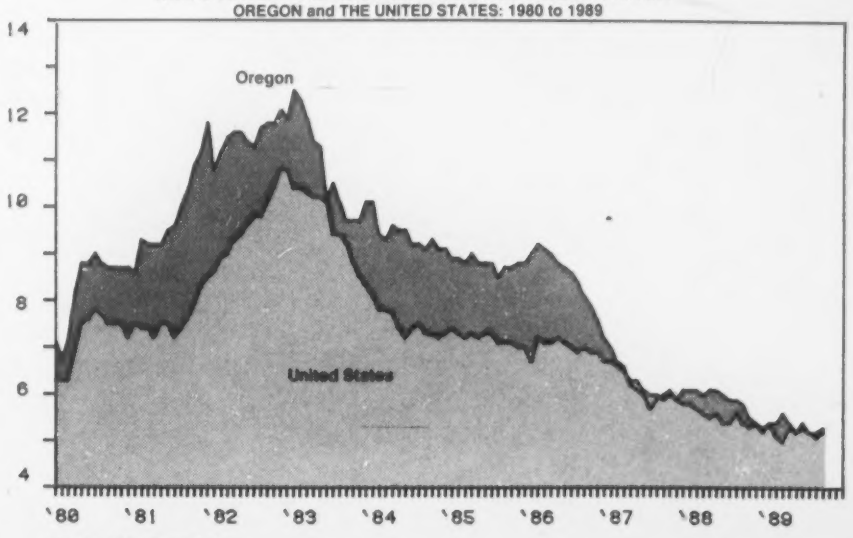
David Cooke

Oregon's unemployment rate rose slightly in September to 5.2%. The rate mimicked the national rate, as both rose a nominal 0.1% over the month. In Oregon, 66,700 people were unemployed, the fewest in any September since 1978. Oregon business owners are feeling the effects of these low unemployment rates every day, especially in the metropolitan areas, as many are having a tough time finding enough qualified workers. One sign of just how tight the labor market is becoming is found in the newspaper help wanted advertisements. *The Oregonian* now devotes a separate section of its Sunday newspaper to employment. An accompanying graph shows the number of pages of help wanted ads in *The Oregonian* for comparable September Sundays since 1976. No wonder the state's major print news source has reserved "Section J" for employment only.

Another source of information concerning the demand for workers is the volume of job openings received by the Employment Division. A second graph shows that the number of nonfarm job openings unfilled for 30 days or more increased substantially in late 1987. Although the current number of unfilled job openings (30 days or more) listed with the Division is slightly lower than at the same time last year, it is still at a relatively high level compared with previous years.

Oregon's seasonally adjusted unemployment rate has been below 6% since July of last year, while the labor force has continued to expand. This month, nonfarm wage & salary employment increased by 12,400 which was a seasonally adjusted employment increase of 2,400 (seasonal factors, mainly the reopening of schools, would typically account for 10,000 of the increase). The wage & salary employment index, which is seasonally adjusted and gives a good comparative measure of employment growth over time, marched another step up the economic expansion hill. The index climbed 0.2 to 128.0 (1977=100), its highest level ever, and has increased at nearly the identical rate for the past five months.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and THE UNITED STATES: 1980 to 1989



*Civilian Labor Force Only

With such consistently low levels of unemployment and increasing total employment, should this current low level of unemployment be considered the natural rate of unemployment? The natural rate of unemployment is considered the rate at which labor and product markets are in balance. In such a labor market, upward and downward forces on prices and wages are also in balance. Economists who have studied national unemployment rates in depth generally concur that the natural rate of unemployment for the United States in the latter 1980s is near 6%. Below that rate, excess demand for labor creates additional inflationary pressures.

With high inflation comes the redistribution of wealth . . . and strong disincentives for making capital investments . . .

This leads to the question of what has been happening to prices and wages lately. The most common measure of price fluctuations is the Consumer Price Index for All Urban Consumers (CPI-U) which covers approximately 80% of the total population. The closest the CPI-U comes to measuring inflation in Oregon is the semiannual Portland-Vancouver index. Since the second half of 1986, each six month period of the Portland-Vancouver CPI-U has shown a higher inflation rate compared with the same period one year earlier: 0.5%, 1.7%, 3.3%, 3.4%, 3.6%, 5.0%. The most recent figure of 5.0% is for the first half of 1989. While 5.0% is only a moderate inflation rate compared with those in 1979 (13.6%) and 1980 (13.2%), the recent rise in the rate is still cause for concern. With high inflation comes the redistribution of wealth (away from those on fixed incomes, for example) and strong disincentives for making capital investments due to high interest rates and greater economic instability.

What lies ahead for inflation in the region? Perhaps the most methodologically sound forecasts come from the quarterly *Oregon Economic and Revenue Forecast* produced by the Office of Economic Analysis within the Oregon Executive Department. The September 1989 forecast predicts that inflation (CPI-U) in the Portland metropolitan area will average 4.6% in 1989 and will moderate to about 4.1% in both 1990 and 1991 as the overall Oregon economy slows.

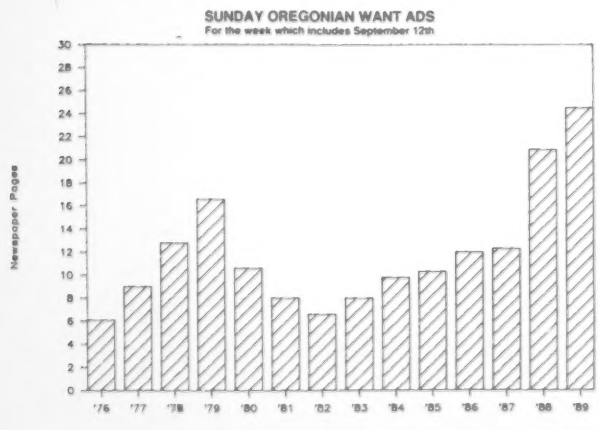
While inflation has been on the rise and is predicted by some to moderate in the next couple of years, the average annual pay of Oregonians, overall, has kept up with inflation during most of this economic recovery. In 1985, the average annual pay of all workers covered by Oregon unemployment insurance was $17,850. The latest available figure, the 1988 annual average, is well over $19,000 per year ($19,637). In three of the last four years, the average annual pay of covered Oregon workers has increased more than inflation as measured by the Portland CPI-U. Keep in mind that these payroll figures do not include medical benefits and other insurance, the cost of which has been outpacing inflation.

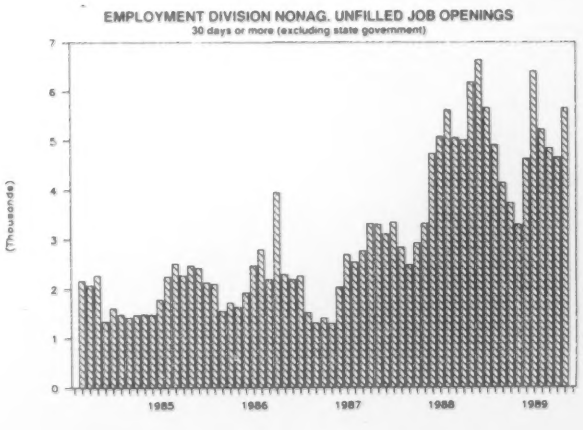
While the average pay of all covered workers after adjustment for inflation has increased in the last three years, another commonly viewed statistical series has shown real earnings declines. This series is the average weekly earnings of manufacturing production workers. In 1985, the annual average weekly pay for manufacturing production workers was $406; the comparable figure for 1988 was $419. This is an average of only 1.0% increase per year. These wages, as discussed in previous issues of **Oregon Labor Trends**, have not kept up with inflation. So, while workers in certain sectors of the economy (as well as certain regions of the state) have seen their real earnings decline, overall pay for Oregon workers has increased faster than inflation in the last few years.

With the preceding discussion of economic trends in mind, the question of whether we are in the midst of a natural rate of unemployment can now be answered. It seems that Oregon may have just passed through such a period. In early and mid-1988 when unemployment was close to 6% and inflation was stable and close to 3%, the upward and downward forces of demand and supply on the labor force were as close to equilibrium as they are likely to get. Now, in late 1989, as shortages of various classes of workers are evident in metropolitan areas, inflationary wage pressures may begin to build. Although local inflation is largely affected by factors outside the statewide economy, some factors within Oregon such as labor shortages and minimum wage hikes are pointing to higher inflation. A telling indication of how much upward pressure has been building on wages will be the outcome of the machinists' strike at Boeing, the largest private employer in the Northwest.

Employment Highlights

Turning to specific events in the economy for September brings us to the current employment statistics. Most





RESIDENT OREGON LABOR FORCE

	SEP.[1] 1989	AUG.[2] 1989	CHANGE	%CHANGE	SEP.[5] 1988
CIVILIAN LABOR FORCE[3]	1,420,000	1,452,800	-32,800	-2.3	1,411,400
UNEMPLOYMENT	66,700	69,000	-2,300	-3.3	73,900
PERCENT OF LABOR FORCE	4.7	4.7	XXX	XXX	5.2
SEASONALLY ADJUSTED PERCENT	5.2	5.1	XXX	XXX	5.8
TOTAL EMPLOYMENT[4]	1,353,300	1,383,800	-30,500	-2.2	1,337,500

[1]*Preliminary.*
[2]*Revised.*
[3]*Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting.*
[4]*Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, farm workers, and labor disputants.*
[5]*Due to revised estimating procedures between December 1988 and January 1989, data for 1989 and that of previous years are not strictly comparable.*

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT (BY PLACE OF WORK)

INDUSTRY	SEP.[1] 1989	AUG.[2] 1989	SEP. 1988	CHANGE FROM AUG. 1989	CHANGE FROM SEP. 1988
TOTAL[3]	1,215,100	1,202,700	1,174,200	12,400	40,900
WAGE & SALARY EMPLOYMENT INDEX[4]	128.0	127.8	123.7	XXX	XXX
TOTAL MANUFACTURING	227,400	229,500	222,400	-2,100	5,000
DURABLE GOODS	161,500	162,300	158,000	-800	3,500
LUMBER & WOOD PRODUCTS	68,900	69,600	68,600	-700	300
LOGGING & SAWMILLS	35,200	35,600	34,000	-400	1,200
VENEER & PLYWOOD	16,300	16,500	17,500	-200	-1,200
MILLWORK & STRUCTURAL WOOD	10,900	11,000	10,700	-100	200
MOBILE HOMES	1,900	1,900	1,800	0	100
OTHER WOOD PRODUCTS	4,600	4,600	4,600	0	0
FURNITURE AND FIXTURES	2,900	2,900	2,700	0	200
STONE, CLAY, GLASS & CONCRETE	4,600	4,700	4,500	-100	100
PRIMARY METALS	11,500	11,400	10,300	100	1,200
BLAST FURNACES, IRON & STEEL	6,900	6,800	6,000	100	900
NONFERROUS METALS	4,600	4,600	4,300	0	300
FABRICATED METALS	11,000	11,000	11,400	0	-400
FABRICATED STRUCTURAL METALS	4,600	4,600	4,800	0	-200
OTHER FABRICATED METALS	6,400	6,400	6,600	0	-200
MACHINERY	18,800	18,900	17,400	-100	1,400
ELECTRICAL EQUIPMENT & SUPPLIES	17,300	17,200	15,800	100	1,500
TRANSPORTATION EQUIPMENT	11,600	11,500	11,700	100	-100
INSTRUMENTS & RELATED PRODUCTS	11,200	11,300	11,800	-100	-600
MISCELLANEOUS MANUFACTURING	3,700	3,800	3,800	-100	-100
NONDURABLE GOODS	65,900	67,200	64,400	-1,300	1,500
FOOD & KINDRED PRODUCTS	29,900	31,200	29,800	-1,300	100
CANNING & PRESERVING	18,100	19,400	18,500	-1,300	-400
OTHER FOOD PRODUCTS	11,800	11,800	11,300	0	500
TEXTILE MILL PRODUCTS	1,700	1,700	1,800	0	-100
APPAREL	2,600	2,600	2,800	0	-200
PAPER & ALLIED PRODUCTS	9,200	9,400	8,500	-200	700
PRINTING & PUBLISHING	13,900	13,800	13,500	100	400
CHEMICALS & ALLIED PRODUCTS	2,400	2,400	2,300	0	100
PETROLEUM REFINING	600	600	600	0	0
RUBBER & PLASTIC PRODUCTS	5,000	5,000	4,600	0	400
LEATHER PRODUCTS	600	500	500	100	100
TOTAL NONMANUFACTURING	987,700	973,200	951,800	14,500	35,900
MINING & QUARRYING	1,700	1,700	1,400	0	300
CONSTRUCTION	47,200	47,000	42,900	200	4,300
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	64,700	63,800	61,500	900	3,200
TRANSPORTATION	42,800	41,800	40,000	1,000	2,800
RAILROAD	3,800	3,900	3,900	-100	-100
TRUCKING & WAREHOUSING	23,800	23,500	22,000	300	1,800
OTHER TRANSPORTATION	15,200	14,400	14,100	800	1,100
COMMUNICATIONS	13,000	13,000	12,700	0	300
UTILITIES	8,900	9,000	8,800	-100	100
TRADE	313,200	312,400	299,300	800	13,900
WHOLESALE TRADE	79,600	79,800	74,100	-200	5,500
DURABLE GOODS	46,000	46,400	43,000	-400	3,000
NONDURABLE GOODS	33,600	33,400	31,100	200	2,500
RETAIL TRADE	233,600	232,600	225,200	1,000	8,400
GENERAL MERCHANDISE	29,800	29,000	28,500	800	1,300
FOOD STORES	39,500	40,200	38,000	-700	1,500
AUTO DEALERS & SERVICE STATIONS	28,600	28,600	28,800	0	-200
OTHER RETAIL TRADE	135,700	134,800	129,900	900	5,800
FINANCE, INSURANCE, & REAL ESTATE	75,600	76,400	74,800	-800	800
BANKING & CREDIT AGENCIES	23,600	23,600	23,700	0	-100
OTHER FINANCE, INSURANCE, & REAL ESTATE	52,000	52,800	51,100	-800	900
SERVICES	276,500	274,300	267,100	2,200	9,400
HOTELS & PERSONAL SERVICES	28,800	29,600	28,700	-800	100
HEALTH SERVICES	84,700	84,600	78,500	100	6,200
OTHER SERVICES	163,000	160,100	159,900	2,900	3,100
GOVERNMENT	208,800	197,600	204,800	11,200	4,000
FEDERAL GOVERNMENT	32,800	33,000	32,900	-200	-100
STATE GOVERNMENT	56,000	56,600	55,800	-600	200
EDUCATION	20,200	20,100	19,800	100	400
OTHER STATE	35,800	36,500	36,000	-700	-200
LOCAL GOVERNMENT	120,000	108,000	116,100	12,000	3,900
EDUCATION	71,800	58,400	69,500	13,400	2,300
OTHER LOCAL	48,200	49,600	46,600	-1,400	1,600
LABOR – MANAGEMENT DISPUTES	400	300	1,100	100	-700

[1]*Preliminary.*
[2]*Revised.*
[3]*Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. Note: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes as amended by the 1977 supplement.*
[4]*Total nonagricultural wage and salary employment, seasonally adjusted, and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's Annual Average Employment (774,300) and that of 1977 (936,900).*

manufacturing industries recorded a quiet month with employment changing by 100 or less. Notable exceptions were lumber & wood products (-700) and food & kindred products (-1,300).

In the lumber industry, both sawmills & planing mills (-400) and veneer and plywood (-200) recorded unseasonal declines. Based on data available for the first nine months of the year, annual average lumber & wood products employment is expected to drop 2.6% from 1988 to 1989. This means that a combined total of nearly 1,800 jobs will be lost in logging, sawmills, and veneer & plywood. Mill closures and cutbacks will account for most of this decline.

The drop in food & kindred products employment over the month came totally from preserved fruits and vegetables and was entirely predictable based on recent years' experience of the harvesting and processing cycle.

Turning to construction, an industry which is experiencing good times not known since the late 1970s, employment continues to expand. In September, 200 additional workers were employed by Oregon construction firms. The growth centered on heavy construction general contractors. Several firms in related special trades such as structural steel erection and building equipment installation also added employees.

Local education (+13,400) showed a better than expected increase. One reason for this was that 36 local school districts began offering kindergarten classes for the first time this fall. Retail trade (+1,000) continues to grow, mainly due to a number of new stores opening throughout the state. Business services, which has contributed one of the largest net employment increases in the 1980s, boosted employment again, this month by 1,200. Employment agencies and temporary help suppliers were particularly strong in September. In other sectors of the service economy, private education provided a large seasonal increase, while hotels and lodging places (-800) began their usual post-tourist season decline.

The September gains in non-agricultural wage & salary employment give a good indication of the continued strength of Oregon's economy. As a result of this strong economy, a change in the available supply of labor has taken place. Signs of low unemployment, unmet demand for qualified workers, and rising inflation combine to indicate that we may be at the end of an economic period which was characterized by the natural rate of unemployment. □

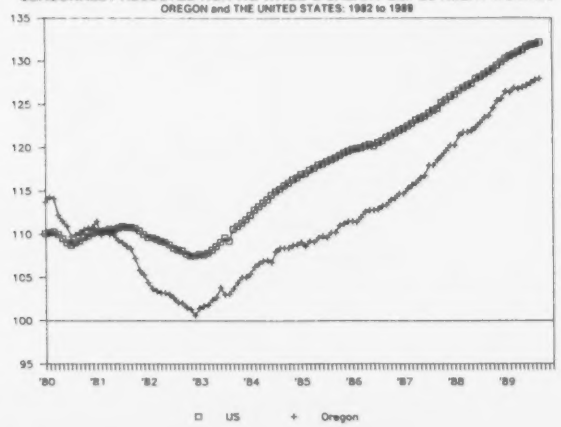
STATE OF OREGON UNEMPLOYMENT RATES BY AREA

September 1989

	Civilian Labor Force	Total Employment	Unemployment	Rate[1]
State of Oregon	1,420,000	1,353,300	66,700	4.7
Eugene MSA[2]	141,500	134,600	6,900	4.9
Medford MSA[3]	71,400	67,470	3,930	5.5
Portland PMSA[4]	644,800	618,200	26,600	4.1
Salem MSA[5]	134,600	128,700	5,900	4.4
Baker	6,860	6,540	320	4.7
Benton	34,950	33,880	1,070	3.1
Clatsop	17,870	16,830	1,040	5.8
Columbia	16,350	15,280	1,070	6.5
Coos	26,460	24,370	2,090	7.9
Crook	6,810	6,430	380	5.6
Curry	9,350	8,870	480	5.1
Deschutes	37,710	35,550	2,160	5.7
Douglas	43,890	41,180	2,710	6.2
Gilliam	880	860	20	2.3
Grant	4,260	4,090	170	4.0
Harney	4,200	3,930	270	6.4
Hood River	9,980	9,470	510	5.1
Jefferson	6,930	6,680	250	3.6
Josephine	25,920	24,310	1,610	6.2
Klamath	24,850	23,290	1,560	6.3
Lake	4,200	3,920	280	6.7
Lincoln	20,290	19,440	850	4.2
Linn	40,270	38,080	2,190	5.4
Malheur	16,440	15,830	610	3.7
Morrow	3,740	3,530	210	5.6
Sherman	730	700	30	4.1
Tillamook	8,950	8,470	480	5.4
Umatilla	30,580	28,820	1,760	5.8
Union	11,030	10,510	520	4.7
Wallowa	4,130	3,980	150	3.6
Wasco	9,430	8,880	550	5.8
Wheeler	580	550	30	5.2

[1]Not Seasonally Adjusted
[2]Lane County
[3]Jackson County
[4]Clackamas, Multnomah, Washington, Yamhill counties
[5]Marion and Polk counties

SEASONALLY ADJUSTED NON-AG WAGE & SALARY EMPLOYMENT INDEXES
OREGON and THE UNITED STATES: 1982 to 1989



AVERAGE ANNUAL PAY BY STATE AND INDUSTRY, 1988

Jeff Hannum

The average annual pay of U.S. workers covered by state and federal unemployment insurance (UI) programs increased by 4.9% to $21,871 in 1988, according to preliminary data recently released by the Bureau of Labor Statistics of the U.S. Department of Labor.

. . .workers in both the state and nation managed to keep a step ahead of inflation last year.

Annual pay data are compiled from tax reports submitted by employers under UI programs covering 104 million full-time and part-time workers representing about 91% of total civilian employment. Average annual pay is computed by dividing total annual payrolls of employers covered by UI programs by the average monthly number of these employees. Included in the annual payroll data are bonuses, the cash value of meals and lodging when supplied, tips and other gratuities, and in many states including Oregon, employer contributions to certain deferred compensation plans such as 401(K) plans. Monthly employment is based on the number of workers earning wages during the pay period including the 12th of the month. With few exceptions, all employees of covered firms are reported including production and sales workers, corporation officials, executives, supervisory personnel, professional/technical, and clerical workers.

States

Average annual pay increased in all 50 states and the District of Columbia between 1987 and 1988, as the nation's record-breaking economic expansion surpassed the six year duration mark. Although Oregon's rate of increase in average pay (4.0%) continued to lag behind the U.S. rate (4.9%), workers in both the state and nation managed to keep a step ahead of inflation last year. As measured by the Consumer Price Index for All Urban Consumers (CPI-U), prices rose by 3.4% in the Portland metropolitan area and by 4.1% nationally between 1987 and 1988.

In fact, Oregon enjoyed the best of two worlds in 1988. Not only did real annual pay improve, but also more

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS[1]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Aug.[2] 1989	July[3] 1989	Aug. 1988	Aug.[2] 1989	July[3] 1989	Aug. 1988	Aug.[2] 1989	July[3] 1989	Aug. 1988
TOTAL MANUFACTURING[4]	$421.22	$423.06	$401.05	39.7	38.6	38.6	$10.61	$10.96	$10.39
Durable Goods	436.80	430.95	413.02	40.0	39.0	38.6	10.92	11.05	10.70
Lumber & Wood Products	438.90	420.71	405.79	39.9	37.8	37.4	11.00	11.13	10.85
Logging & Sawmills	475.88	449.75	429.95	40.5	37.2	36.1	11.75	12.09	11.91
Veneer & Plywood	420.81	412.40	400.81	39.0	37.8	38.1	10.79	10.91	10.52
Millwork & Structural	368.93	363.37	350.88	39.5	39.8	40.1	9.34	9.13	8.75
Mobile Homes	345.98	307.44	336.08	38.7	34.7	39.4	8.94	8.86	8.53
Other Wood Products	420.33	410.41	388.88	40.3	39.5	37.5	10.43	10.39	10.37
Furniture & Fixtures	366.11	347.87	327.22	37.9	35.9	37.1	9.66	9.69	8.82
Primary Metals	494.16	500.22	504.71	42.2	42.0	42.2	11.71	11.91	11.96
Fabricated Metals	392.89	401.88	383.20	38.9	39.4	40.0	10.10	10.20	9.58
Machinery (Ex Electrical)	434.51	441.94	422.28	39.9	39.6	39.1	10.89	11.16	10.80
Nondurable Goods	385.73	404.84	369.79	39.2	37.8	38.4	9.84	10.71	9.63
Food & Kindred Products	310.85	315.66	292.50	39.1	36.2	37.5	7.95	8.72	7.80
Canning & Preserving	269.70	256.13	248.64	39.2	34.8	37.0	6.88	7.36	6.72
Other Food Products	409.23	420.98	399.77	38.9	38.8	38.7	10.52	10.85	10.33
Textile Mill Products	206.54	236.57	225.40	31.2	33.7	34.1	6.62	7.02	6.61
Apparel	266.78	221.05	238.23	39.7	33.8	38.3	6.72	6.54	6.22
Paper & Allied Products	610.90	664.28	608.58	41.0	41.7	42.0	14.90	15.93	14.49
Printing & Publishing	471.13	478.04	457.59	37.6	37.7	37.6	12.53	12.68	12.17
Construction[4]	551.07	555.05	537.04	37.9	38.2	37.9	14.54	14.53	14.17
Communications & Utilities[5]	546.48	552.24	529.42	41.4	41.9	41.2	13.20	13.18	12.85
Trade[5]	319.06	332.01	310.96	35.1	35.7	34.2	9.09	9.30	8.80
Wholesale Trade	407.69	439.27	395.99	37.3	38.6	36.7	10.93	11.38	10.79
Retail Trade	270.74	274.85	253.11	33.8	34.1	33.0	8.01	8.06	7.67
Banking & Insurance[5]	348.56	372.48	322.20	37.2	38.8	36.0	9.37	9.60	8.95
State & Local Government	420.20	424.97	400.69						

[1]Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.
[2]Preliminary
[3]Revised
[4]Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.
[5]Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

Oregonians were working than ever before. The state's annual average unemployment rate declined nearly half a point to 5.8%, its lowest level since the late 1960s. In addition, Oregon experienced the third fastest rate of growth in nonfarm employment of all the states last year. It was probably this fact, along with our lower inflation rate, which primarily caused Oregon's smaller rate of increase in average annual pay. This is because new workers are typically hired at entry level rates of pay which tends to lower average pay levels.

Based on earnings per worker in 1988, the difference among states is dramatic! Workers in the District of Columbia ($30,254) and Alaska ($28,033) are at the top of the heap with average earnings 38% and 28% above the U.S. average. Workers in South Dakota remain in last place with average earnings of only $15,424, or 29% below the national average. Oregon was again near the middle of the pack at $19,637, slipping to 10% below the U.S.

Annual Pay By Industry

	1988	1987-88 Percent Change
Mining	$25,547	4.5
Construction	$22,728	5.8
Manufacturing	$25,039	3.8
Transp., Comm. & Util.	$26,462	2.8
Wholesale trade	$25,286	6.2
Retail trade	$11,439	4.1
Fin., Ins. & R.E.	$21,970	6.2
Services	$17,046	4.3
Government	$21,894	3.7

PERCENT CHANGE IN AVERAGE ANNUAL PAY FROM 1987 TO 1988 BY STATE

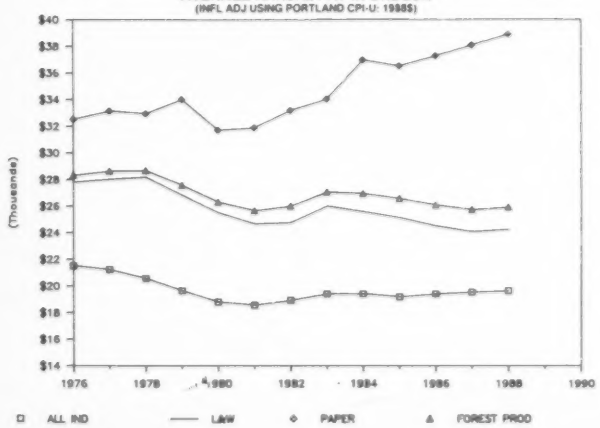
Industry

Average annual pay varies widely by industry. In Oregon, the highest paid workers in 1988 by major industry category were employed in transportation, communications, and public utilities ($26,462). Perhaps due to these high earnings, these workers also had the smallest rate of pay increase (2.8%) of any major industry group, and were the only ones losing ground to inflation.

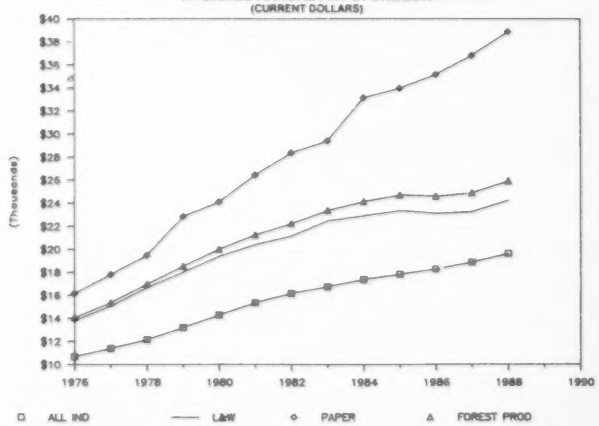
Retail trade workers, many of whom work only part-time, earned the lowest average annual pay in 1988 ($11,439). This industry continued to grow rapidly and accounted for about one-fifth of all new jobs added in Oregon last year.

When we look at average levels and average rates of change for major industry categories, however, we usually obscure significant differences among component industries in any given year as well as trends over a longer time span. A good example is Oregon's most important manufacturing industry, forest products, defined here simply as lumber and wood plus paper and allied products. In 1988, average annual pay of forest products work-

AVERAGE ANNUAL PAY IN OREGON
(INFL ADJ USING PORTLAND CPI-U: 1988$)



AVERAGE ANNUAL PAY IN OREGON
(CURRENT DOLLARS)



ers ($25,915) was just a little higher than the average for all manufacturing workers ($25,039). Almost 90% of forest products employees, however, work in lumber and wood products where annual pay averaged $24,265 last year. The remaining 10% worked in the very capital-intensive paper industry where annual earnings per employee ($38,886) were 60% higher! The paper industry's higher wage rates plus a greater amount of overtime hours worked at premium pay were major reasons for the difference.

Now let's change our perspective from looking just at 1988 and focus instead on the annual earnings trend over the past decade. Again, we see dramatic differences within the forest products sector, especially when the earnings data are adjusted for inflation using the Portland area CPI-U. Between 1979 and 1988, forest products workers lost an average of $1,688 (-6.1%) in real purchasing power. For the vast majority of these workers, i.e. those employed in lumber and wood products, the real earnings decline was even more dramatic (-$2,570, or -9.6%). Paper industry workers fared much better experiencing a 14.3% gain ($4,872) in real purchasing power since 1979. These earnings trends, in both current and constant 1988 dollars, from the mid-1970s through 1988 are shown in two accompanying graphs.

Metropolitan Areas

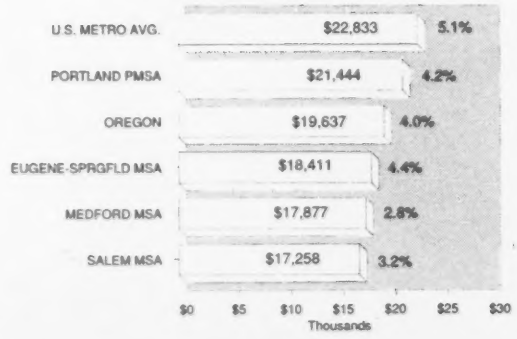
With the preceding caveats in mind regarding averages for such large industry categories or even geographical areas, the "average" worker covered by unemployment insurance in the nation's 318 metropolitan areas earned $22,833 in 1988, an increase of 5.1% over 1987. This was the largest annual percentage gain for these metropolitan areas since 1982. Annual pay in all four of Oregon's metropolitan areas was well below the U.S. average. This can be due to a number of factors including:

- the ratios of full-time to part-time workers
- the mix of industries and occupations.
- the extent of unionization
- the rate of inflation and economic growth in each local area
- the extent of unemployment insurance coverage in Oregon versus other states. (UI coverage is very broad and basically comparable from state to state. Last year, 91% of total civilian employment in the U.S. was under UI coverage.) □

AVERAGE ANNUAL PAY IN 1988

	1988	1987-88 % Change	% of U.S.
District of Columbia	$30,254	6.2	138
Alaska	28,033	0.1	128
New York	26,347	7.0	120
Connecticut	26,244	7.9	120
New Jersey	25,748	8.0	118
Michigan	24,193	4.8	111
Massachusetts	24,143	7.4	110
California	24,124	4.4	110
Illinois	23,606	6.1	108
Maryland	22,500	5.5	103
Delaware	21,977	5.8	100
United States	21,871	4.9	100
Ohio	21,500	4.5	98
Pennsylvannia	21,485	5.3	98
Minnesota	21,481	5.0	98
Colorado	21,472	3.1	98
Texas	21,130	3.3	97
Virginia	21,052	5.5	96
Washington	20,806	3.5	95
New Hampshire	20,749	6.9	95
Nevada	20,556	5.3	94
Georgia	20,501	4.3	94
Hawaii	20,444	7.1	93
Indiana	20,437	3.8	93
Arizona	20,383	3.9	93
Missouri	20,295	3.5	93
Rhode Island	20,206	7.1	92
Wisconsin	19,743	4.5	90
Oregon	19,637	4.0	90
Florida	19,520	4.5	89
West Virginia	19,341	2.8	88
Louisiana	19,330	3.3	88
Tennessee	19,209	3.8	88
Oklahoma	19,098	2.6	87
Wyoming	19,097	1.5	87
Kansas	19,030	3.3	87
Alabama	19,003	3.7	87
Utah	18,910	3.3	86
Vermont	18,640	5.3	85
North Carolina	18,637	4.3	85
Kentucky	18,545	3.0	85
Maine	18,347	5.2	84
New Mexico	18,259	2.8	83
South Carolina	18,009	4.2	82
Iowa	17,928	3.7	82
Idaho	17,648	3.4	81
Nebraska	17,190	4.0	79
Arkansas	17,023	3.0	78
Montana	16,957	3.2	78
Mississippi	16,522	3.7	76
North Dakota	16,508	2.2	75
South Dakota	15,424	3.1	71

ANNUAL AVERAGE PAY IN 1988
(With 1987- 1988 Percent Change)



EMPLOYMENT DIVISION GETS NEW LEADER!

(Editor's note: On October 13, 1989, the Director of Oregon's Department of Human Resources issued the following press release.)

Oregon Human Resources Director Kevin Concannon today named 36 year old **Pamela A. Mattson** of Lincoln, Nebraska to head the Department's Employment Division. On November 6, 1989, Mattson will become the first woman to head the Oregon government division.

"Pam Mattson's experience, knowledge, and leadership will be invaluable," said Concannon, "as we tackle the human investment issues of the 1990s."

Mattson has served since 1984 as Director of the Nebraska Job Service. She appeared, with five other finalists, before several interview panels in Oregon two weeks ago. Each group, noted Concannon, ranked Mattson the number one candidate.

"I look forward to the opportunity of working with the employees of the Oregon Employment Division," said Mattson. "We will concentrate on playing an integral and innovative role in Oregon's economic development."

Mattson obtained her undergraduate degree in Elementary and Special Education from the University of Wyoming in 1975. She earned her law degree from the University of Nebraska in 1979. She was President of her freshman law class and student body president in 1977-78. Mattson was in private law practice until 1980 when she joined the Nebraska Department of Labor.

" In some 70 days, we'll advance to the decade of the 1990's. Pam Mattson brings the values and intellect that government needs to respond to the social concerns of the era."

"In some 70 days," said Concannon, "we'll advance to the decade of the 1990s. Pam Mattson brings the values and intellect that government needs to respond to the social concerns of the era." □

LMI DIRECTORY NOW AVAILABLE

Where can you find the average wage of an occupation in Oregon? What educational information is available to help improve your career choices? What is the economic and employment outlook for the state of Oregon and its regional areas? This information and much more is available at no charge in the updated Labor Market Information (LMI) Directory.

The LMI Directory lists various publications available containing many types of state and local information. From population and labor trends to wage information and youth reports, the Directory can tell you where to write and/or who to call to get what you want. The LMI Directory also tells you who to contact for special research and information services that may not be currently available.

Don't miss this valuable information guide. Request your copy by calling Research and Statistics at (503) 378-8657 or by writing to:

OREGON EMPLOYMENT DIVISION
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875 Union Street N.E.
Salem, OR 97311

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OREGON LABOR TRENDS is published monthly by the Research and Statistics Section of the Oregon Employment Division,

D. R. Steward, Assistant Administrator
Perky Collins, Typesetting
Carol Schmidt, Graphic Artist
Jeffry Hannum, State Economist & Editor.

Please send any address changes to Research & Statistics, LMI Programs Unit, Room 207, 875 Union Street N.E., Salem, OR 97311 or Phone (503) 378-8657.

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